

STATE OF NEVADA  
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

**COMPUTERIZED KENO**

**Client** \_\_\_\_\_ **Audit** \_\_\_\_\_ **Prepared**  
**Name:** \_\_\_\_\_ **Period:** \_\_\_\_\_ **By:** \_\_\_\_\_

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's computerized keno operations are in compliance with the Computerized Keno Minimum Internal Control Standards.

**Indicate licensee personnel contacted:**

<b>Date of Inquiry</b>	<b>Person Interviewed</b>	<b>Position</b>

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

\_\_\_\_\_ Confirmed via examination/review  
\_\_\_\_\_ Confirmed via inquiry  
\_\_\_\_\_ Confirmed via observation

Yes      No      W/P  
Ref.

***Game Play***

**1.** Does the computerized customer ticket include:

a. Date? \_\_\_\_\_

b. Game number? \_\_\_\_\_

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CPA MICS COMPLIANCE CHECKLIST

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c. Ticket sequence number?	_____	_____	_____
d. Station number?	_____	_____	_____
e. Conditioning?	_____	_____	_____
f. Indication of multi-race, if applicable?	_____	_____	_____
<b>2.</b> Concurrently with the generation of the ticket, is the information on the ticket either:			
a. Recorded on a restricted transaction log? or	_____	_____	_____
b. Retained on computer storage media?	_____	_____	_____
3. Are keno personnel precluded unrestricted access to the restricted transaction log or computer storage media?	_____	_____	_____
4. When it is necessary to void a ticket, is the void information input in the computer and does the computer document the appropriate information pertaining to the voided wager (e.g., void slip is issued or equivalent documentation is generated)?	_____	_____	_____
5. Do controls exist to prevent the writing and voiding of tickets after a game has been closed and after the number selection process for that game has begun?	_____	_____	_____
6. Are the controls in effect for tickets prepared in outstations (if applicable) identical to those in effect for the primary keno game?	_____	_____	_____

***Rabbit Ear System***

7. Is a camera utilized to film the following both prior to, and subsequent to, the calling of a game:			
a. Empty rabbit ears?	_____	_____	_____
b. Date and time?	_____	_____	_____
c. Game number?	_____	_____	_____
d. Full rabbit ears?	_____	_____	_____

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8. Does the film of the rabbit ears provide a legible identification of the numbers on the balls drawn?	_____	_____	_____
9. Do keno personnel immediately input the selected numbers in the computer and the computer document:			
a. The date?	_____	_____	_____
b. Game number?	_____	_____	_____
c. The time the game was closed?	_____	_____	_____
d. Numbers drawn?	_____	_____	_____
10. Are procedures in effect which prevent unauthorized access to keno balls in play?	_____	_____	_____
11. Are back-up keno ball inventories secured in a manner to prevent unauthorized access?	_____	_____	_____
12. Are procedures established for inspecting new keno balls put into play as well as for those in use?	_____	_____	_____

***Random Number Generator***

13. Is the random number generator linked to the computer system and does it directly relay the numbers selected into the computer without manual input?	_____	_____	_____
14. Are keno personnel precluded access to the random number generator?	_____	_____	_____

***Winning Ticket Verification and Payment***

15. Is the sequence number of tickets presented for payment input into the computer, and the payment amount generated by the computer given to the patron?	_____	_____	_____
16. Are procedures established to preclude payment on:			
a. Tickets previously presented for payment?	_____	_____	_____

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b. Unclaimed winning tickets after a specified period of time?	_____	_____	_____
c. Voided tickets?	_____	_____	_____
d. Tickets which have not been issued yet?	_____	_____	_____
<b>Testing of payouts is required.</b>			
<b>Scope: Select 10 payouts from one day within the last 7 days and all payouts from a day in a prior month.</b>			
17. Are all payouts supported by the customer (computer-generated) copy of the winning ticket (payout amount is indicated on the customer ticket or a payment slip is issued)?	_____	_____	_____
<b>18.</b> Is a manual report produced and maintained documenting any payments made on tickets which are not authorized by the computer?	_____	_____	_____
<b>19.</b> Do winning tickets over a specified dollar amount (not to exceed \$10,000 for locations with more than \$5 million annual keno write and \$3,000 for all other locations) require the following: <b>State the dollar amount: \$_____.</b>	_____	_____	_____
<b>a.</b> Approval of management personnel independent of the keno department evidenced by their signature?	_____	_____	_____
b. Reviewing the videotape or developing the film of the rabbit ears to verify the legitimacy of the draw and the accuracy of the draw ticket (for rabbit ear systems only)?	_____	_____	_____
c. Comparison of the winning customer copy to the computer reports?	_____	_____	_____
d. Regrading of the customer copy using the payout schedule and draw information?	_____	_____	_____
<b>e.</b> The performance of all of the above is documented and maintained?	_____	_____	_____
20. If a keno game is operated by one person, are all winning tickets in excess of an amount determined by management (not to exceed \$1,500) reviewed and authorized by someone independent of the keno department? <b>State the dollar amount: \$_____.</b>	_____	_____	_____

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***Check Out***

Testing of cash summary reports is required.

**Scope: Select 1 summary report (count sheet) for 2 days per year. Test days should be in non-consecutive months.**

**21.** For each writer station, is a cash summary report (count sheet) prepared at the conclusion of each shift that includes:

- |  |       |       |       |
|--|-------|-------|-------|
| a. Computation of net cash proceeds for the shift and the cash turned in?                                    | _____ | _____ | _____ |
| b. Signatures of two employees who have verified the net cash proceeds for the shift and the cash turned in? | _____ | _____ | _____ |

***Promotional Payouts and Awards***

The following question must be answered if the cost of personal property or bonus and promotional payouts are deducted from keno revenue.

Testing of promotional payout documentation is required.

**Scope: Select promotional payout documentation for 2 days per year. Test days should be in non-consecutive months.**

**22.** Does the payout form/documentation include the following information:

- |  |       |       |       |
|--|-------|-------|-------|
| a. Date and time?  | _____ | _____ | _____ |
| b. Dollar amount of payout or description of personal property (e.g., jacket, toaster, car, etc.)? | _____ | _____ | _____ |
| c. Type of promotion?  | _____ | _____ | _____ |
| d. Signature of at least one employee authorizing and completing the transaction?                  | _____ | _____ | _____ |

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<b>Statistics</b>			
<b>23.</b> Are records maintained which include win and write by individual writer for each day?	_____	_____	_____
<b>24.</b> Are records maintained which include (for each licensed game) win, write, and win-to-write hold percentage for:			
a. Each shift (unless the keno game operates on a single 24-hour shift basis)?	_____	_____	_____
b. Each day?	_____	_____	_____
c. Month-to-date?	_____	_____	_____
d. Year-to-date?	_____	_____	_____
<b>25.</b> Does non-keno management review keno statistical data at least on a monthly basis?	_____	_____	_____
<b>26.</b> Are any large or unusual statistical variances investigated by non-keno management?	_____	_____	_____
<b>27.</b> At a minimum, are investigations performed for statistical percentage fluctuations from the base level for a month in excess of +/- 3%? <b>The base level is defined as the licensee's win percentage for either the previous business year or the previous 12 months.</b>	_____	_____	_____
<b>28.</b> Are such investigations documented and maintained?	_____	_____	_____
<b>System Security</b>			
<b>29.</b> Are all keys (including duplicates) to sensitive computer hardware in the keno area maintained by a department independent of the keno function? <b>State the department.</b>	_____	_____	_____
<b>30.</b> Is someone independent of the keno department required to accompany such keys to the keno area and observe changes or repairs each time the sensitive areas are accessed?	_____	_____	_____

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CPA MICS COMPLIANCE CHECKLIST

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<b>Documentation</b>			
31. Is adequate documentation of all pertinent keno information generated by the computer system?	_____	_____	_____
32. Is this documentation restricted to authorized personnel?	_____	_____	_____
<b>Testing of keno computer documentation is required.</b>			
<b>Scope: Select 1 day per month for 2 months per year. Test days must be in non-consecutive months.</b>			
<b>33.</b> Does the documentation include, at a minimum:			
a. Ticket information (as described in Question 1)?	_____	_____	_____
b. Payout information (date, time, ticket number, amount, etc.)?	_____	_____	_____
c. Game information (number, ball draw, time, etc.)?	_____	_____	_____
d. Daily recap information which includes:			
1) Write?	_____	_____	_____
2) Payouts?	_____	_____	_____
3) Gross revenue (a.k.a. win)?	_____	_____	_____
e. System exception information, including:			
1) Voids?	_____	_____	_____
2) Late pays?	_____	_____	_____
3) Appropriate system parameter information (e.g., changes in pay tables, ball draws, payouts over a predetermined amount, etc.)?	_____	_____	_____
f. Personnel access listing which includes at least:			
1) Employee name?	_____	_____	_____
2) Employee identification number?	_____	_____	_____

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3) Listing of functions employee can perform or equivalent means of identifying same?	_____	_____	_____
<b><i>Keno Audit</i></b>			
<b>If a multi-race ticket was part of the sample selected by the licensee in Questions 36(b), 38(a), and 39, the procedures can be performed for 10 games or 10% of the games won, whichever is greater.</b>			
34. Is the keno audit function independent of the keno department?	_____	_____	_____
35. At least annually, does keno audit foot the write on the restricted copy of the keno transaction report for a minimum of one shift and compare the total to the total as documented by the computer?	_____	_____	_____
36. For at least one shift every other month, does keno audit perform the following:			
a. Foot the customer copy of the payouts and trace the total to the payout report?	_____	_____	_____
b. Regrade at least 1% of the winning tickets using the payout schedule and draw ticket?	_____	_____	_____
37. Does keno audit also perform the following:			
a. For a minimum of five games per week, compare the videotape/film of the rabbit ears to the computer transaction summary?	_____	_____	_____
b. Compare net cash proceeds to the audited win/loss by shift and investigate any large cash overages or shortages (i.e., in excess of \$25.00)?	_____	_____	_____
c. Review and regrade all winning tickets greater than or equal to \$1,500, including all forms which document that proper authorizations and verifications were obtained and performed?	_____	_____	_____
d. Review the documentation for payout adjustments made outside the computer and investigate large and frequent payments?	_____	_____	_____



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e. Review personnel access listing for inappropriate functions an employee can perform?	_____	_____	_____
f. Review system exception information on a daily basis for propriety of transactions and unusual occurrences including changes to the personnel access listing?	_____	_____	_____
g. If a random number generator is used, then at least weekly the numerical frequency distribution is reviewed for potential patterns?	_____	_____	_____
h. All noted improper transactions or unusual occurrences are investigated with the results documented?	_____	_____	_____
38. When the keno game is operated by one person:			
a. Are the customer copies of all winning tickets in excess of \$100 and at least 5% of all other winning tickets regraded and traced to the computer payout report?	_____	_____	_____
b. Is the videotape/film of rabbit ears randomly compared to the computer game information report for at least 10% of the games during the shift?	_____	_____	_____
c. Do keno audit personnel review winning tickets for proper authorization pursuant to Question 20?	_____	_____	_____
39. In the event any person performs the writer and deskman functions on the same shift, are the procedures described in Questions 38(a) and (b) (using the sample sizes indicated) performed on tickets written by that person?	_____	_____	_____
<b>40.</b> Is documentation (e.g., a log, checklist, etc.) maintained evidencing the performance of all keno audit procedures?	_____	_____	_____
41. Does non-keno management review keno audit exceptions?	_____	_____	_____
<b>42.</b> Are investigations into unresolved exceptions performed and documented by non-keno management?	_____	_____	_____

***Miscellaneous***

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<b>43.</b> Are the following documents, including computer storage media, retained for at least 7 days:			
a. Videotape/film of rabbit ears?	_____	_____	_____
b. All copies of losing keno tickets?	_____	_____	_____
c. All copies of winning keno tickets of less than \$1,500?	_____	_____	_____
d. The information in Questions 33(a), (b), and (c)?	_____	_____	_____
<b>44.</b> Are all other documents, including computer storage media, discussed in these questions retained for 5 years?	_____	_____	_____

**Note: The customer presented inside ticket does not need to be maintained.**

***Multi-Race***

<b>45.</b> Are procedures established to notify keno personnel immediately of large multi-race winners to ensure compliance with Question 19?	_____	_____	_____
<b>46.</b> Do controls exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift?	_____	_____	_____